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MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA
October 1962

Volume 7

Number 3

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Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY OCTOBER 1962

The MINIMUM uniform producer price is \$4.03 per cwt. f.o.b. Chattanooga Area Pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5%. The minimum uniform producer price is \$4.39 per cwt. for milk containing 4.0% butterfat.

During October, 74.8% of the total producer milk was priced in Class I at \$4.39 per cwt. with a butterfat differential of 7.6 cents and 25.2% in Class II at \$3.05 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Class I milk increased 3.1% compared with September 1962 and increased 10.5% compared with October 1961.

Daily average delivery of milk from producers was 525,608 pounds in October 1962, an increase of 17,413 pounds per day compared with September 1962 and an increase of 41,576 pounds compared with October 1961. Percentage-wise, October deliveries increased 3.4% and 8.6% compared with September 1962 and October 1961 respectively. The daily average farm delivery was 781 pounds compared with 707 pounds per farm for October 1961. This shows an increase of 74 pounds (8.6 gallons) per farm per day.

NUMBER OF FARM PAYROLL ACCOUNTS

	1961			1962									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
New	5	4	0	3	2	1	4	1	4	4	1	7	2
Quit	4	3	1	3	4	13	5	5	4	5	3	9	2
Total	685	686	685	685	683	681	680	678	678	677	675	673	673

MILK SAMPLES TESTED - Producer Fresh Samples 5,850 - Handler Finished Products 217. During October an average of 8.7 samples per producer was used to determine butterfat content and pay test. Other samples were used to determine water, bacteria, antibiotics, etc. by the plants and various agencies.

OCTOBER 1962 TOTAL CLASS I UNIT SALES BY 10 POOL AND 4 NON-POOL PLANTS 1/

	<u>GALS.</u>	<u>1/2 GALS.</u>	<u>QUARTS</u>	<u>PINTS</u>	<u>1/2 PINTS</u>	<u>PRODUCT LBS.</u>	<u>%-TOTAL</u>
Standard Milk	-	-	6,245	-	-	13,428	.11
Homo Milk	232,699	1,208,475	367,431	433,406	2,555,933	9,827,357	82.05
Skim Milk	*	39,882	76,775	*	5,675	538,553	4.50
Buttermilk	8,176	167,524	168,749	25,785	18,786	1,191,291	9.95
Flavored Milk	*	*	40,052	135,903	143,715	327,432	2.73
Cream (1/2 & 1/2)	-	-	4,371	33,914	-	45,323	.38
Light Cream (X)	-	-	3,318	-	461	7,210	.06
Heavy Cream (XX) To qts.	-	-	1,668	-	21,573	14,577	.12
Sour Cream	293	-	-	-	18,089	11,982	.10
Total Pounds						11,977,153	100.00

* Units omitted. Distributed by less than three handlers.

1/ Includes all unit sales by pool plants and sales "In Area" by non-pool plants. Distribution out of the three-county marketing area by the 10 pool plants was 29.4% of the above total packaged product pounds.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Oct. '62</u>	<u>Sept. '62</u>	<u>Oct. '61</u>
Number of Plants (Pool and Non-Pool)	14	14	16
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	525,608	508,195	484,032
% October '62 compared with:	100.0	103.4	108.6
Other Source	11,172	11,516	5,194
Other Order	5,082	8,828	7,573
Total Milk Receipts	541,862	528,539	496,799
% October '62 compared with:	100.0	102.5	109.1
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	317,445	310,782	298,771
Fluid Skim	17,373	16,160	12,069
Buttermilk	38,429	37,053	37,174
Chocolate Milk	10,562	10,445	8,307
Fluid Creams (Sweet & Sour)	2,551	2,459	2,346
Bulk to Non-Handlers	10,703	7,345	483
Shrinkage Class I	1,587	1,848	1,394
Other	(729)	(54)	(294)
Total Class I Milk	397,921	386,038	360,250
% October '62 compared with:	100.0	103.1	110.5
Class II Uses:			
Butter	5,812	1,676	11,646
Cottage Cheese	17,181	16,200	15,015
Powdered and Condensed Milk	76,108	61,416	69,619
Ice Cream	32,958	35,027	18,350
Stockfeed	4,317	4,304	3,069
Shrinkage Class II	9,058	8,979	8,377
Other	(1,493)	14,899	10,473
Total Class II Milk	143,941	142,501	136,549
% October '62 compared with:	100.0	101.0	105.4
Gross Class I Butterfat Pounds	14,469	13,786	12,820
Gross Class II Butterfat Pounds	8,329	7,362	8,398
Total Butterfat Pounds	22,798	21,148	21,218
% Producer Milk of Gross Class I	132.1	131.6	134.4
% Producer Milk priced in Class I	74.8	75.2	73.4

NOVEMBER 1962 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Nov. '62</u>	<u>Oct. '62</u>	<u>Nov. '61</u>
Basic Formula	\$3.07	\$3.06	\$3.255
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.30)	(0.42)	(0.26)
Class I Price, 3.5% Butterfat	\$4.52	\$4.39	\$4.745
Class I Price, 4.0% Butterfat	\$4.895	\$4.77	\$5.14
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: September and October			
Supply: Lbs. Producer Milk (Sept. 15,245,855 and Oct. 16,293,860)			31,539,715
Demand: Lbs. Net Class I Milk (Sept. 11,459,578 and Oct. 12,217,192)			23,676,770
Utilization Percentage: Producer milk divided by Class I			133
Standard Utilization Percentage: Range 114-118			118
Net Deviation Percentage: Utilization minus Standard Utilization			plus 15
Supply-Demand Adjustment: 2 cents x 15 percentage points			minus \$0.30

Since the supply in relation to the demand is more than the desired standard, the price is decreased 30 cents per hundredweight (2 cents x 15 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICE FOR OCTOBER 1962
Based on 14 plant reports prior to audit

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	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		12,335,545	3.636		
Less Other Source		140,927	2.235		
Producer Milk Class I	74.8	12,194,618	3.652349	\$4.505785	\$549,463.27
Gross Class II		4,462,186	5.786		
Less Other Source		362,944	1.113		
Producer Milk Class II	25.2	4,099,242	6.200317	4.859212	199,190.86
TOTAL PROD. (Cl. I + Cl. II)	100.0	16,293,860	4.293372		748,654.13
Add Fractional Adjustment					.06
Add Overage and Compensatory Payment					43.23
Add Inventory Reclassification Value					81.26
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,892.27
TOTAL VALUE AT TEST		16,293,860	4.293372		756,670.95
Less Test Over 3.5% @ 7.2¢ per point		16,293,860	.793372	0.571228	93,075.09
TOTAL VALUE AT 3.5%		16,293,860	3.5	4.072674	663,595.86
Less Producer-Settlement Fund Reserve		16,293,860		0.042674	6,953.24
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		16,293,860	3.5	\$4.03	\$656,642.62

OCTOBER 1962 MINIMUM PRODUCER PRICES CWT.f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.67	3.6	\$4.102	4.2	\$4.534	4.8	\$4.966	5.4	\$5.398
3.05	3.706	3.65	4.138	4.25	4.57	4.85	5.002	5.45	5.434
3.1	3.742	3.7	4.174	4.3	4.606	4.9	5.038	5.5	5.47
3.15	3.778	3.75	4.21	4.35	4.642	4.95	5.074	5.55	5.506
3.2	3.814	3.8	4.246	4.4	4.678	5.0	5.11	5.6	5.542
3.25	3.85	3.85	4.282	4.45	4.714	5.05	5.146	5.65	5.578
3.3	3.886	3.9	4.318	4.5	4.75	5.1	5.182	5.7	5.614
3.35	3.922	3.95	4.354	4.55	4.786	5.15	5.218	5.75	5.65
3.4	3.958	4.0	4.39	4.6	4.822	5.2	5.254	5.8	5.686
3.45	3.994	4.05	4.426	4.65	4.858	5.25	5.29	5.85	5.722
3.5	4.03	4.1	4.462	4.7	4.894	5.3	5.326	5.9	5.758
3.55	4.066	4.15	4.498	4.75	4.93	5.35	5.362	5.95	5.794

MILK BASE RULES

The following rules shall apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/} Per Hundredweight				HANDLER CLASS PRICES ^{1/}			
	Uniform	Base	Excess	Bf.Dif.	Class I		Class II	
					Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Oct. '61	\$4.23	-	-	7.6¢	\$4.645	7.9¢	\$3.30	7.0¢
Nov.	4.36	-	-	7.6	4.745	7.9	3.30	7.0
Dec.	4.28	-	-	7.6	4.705	7.9	3.30	7.0
Jan. '62	4.36	-	-	7.6	4.765	7.9	3.30	7.0
Feb.	4.23	-	-	7.6	4.765	7.9	2.77	7.0
Mar.	4.25 ^{2/}	\$4.39	\$2.61	7.6	4.785	7.9	2.68	7.0
Apr.	4.03 ^{2/}	4.25	2.59	7.4	4.845	7.9	2.665	6.7
May	3.93 ^{2/}	4.12	2.60	7.2	4.575	7.5	2.665	6.7
June	4.00 ^{2/}	4.16	2.60	7.2	4.535	7.5	2.665	6.7
July	4.01 ^{2/}	4.19	2.59	7.2	4.655	7.5	2.655	6.7
Aug.	4.05	-	-	7.2	4.60	7.5	2.66	6.7
Sept.	4.02	-	-	7.2	4.37	7.5	3.06	6.7
Oct.	4.03	-	-	7.2	4.39	7.6	3.05	6.7
Nov.	-	-	-	-	4.52	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk ^{4/} \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn.	Chi.92°	Chi.Area	
			Milk Mfg. \$-cwt-4%	Butter ¢ Lb.	Powders ¢ Lb.	
Oct. '61	2.79	3.30	3.15	60.466	15.125	-
Nov.	2.80	3.30	3.15	60.466	15.070	-
Dec.	2.80	3.30	3.15	60.466	15.275	-
Jan. '62	2.80	3.30	3.15	60.466	15.260	-
Feb.	2.77	3.30	3.12	60.466	15.200	-
Mar.	2.68	3.30	3.03	60.466	15.060	-
Apr.	2.665	3.125	3.00	57.957	14.125	-
May	2.665	3.085	3.00	57.966	13.530	-
June	2.665	3.045	3.00	57.940	13.330	-
July	2.655	3.045	2.99	57.960	13.370	3.03
Aug.	2.66	3.05	3.00	57.970	13.270	3.04
Sept.	2.66	3.06	3.00	58.280	13.400	3.06
Oct.	2.66	3.05	3.00	57.960	13.140	3.07

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----		Pounds	Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
Oct. '61	16	496,799	360,250	355,345	484,032	-	685	707	-	-	4.33
Nov.	16	485,387	367,959	363,166	472,399	-	686	689	-	-	4.39
Dec.	16	494,573	352,155	348,076	476,780	-	685	696	-	-	4.41
Jan. '62	16	486,624	364,484	359,962	473,584	-	685	691	-	-	4.40
Feb.	15	502,394	370,985	366,116	487,977	-	683	714	-	-	4.23
Mar.	15	506,148	379,540	374,558	491,493	453,153	681	722	665	57	4.22
Apr.	14	558,890	352,978	348,742	536,273	465,332	680	789	684	105	4.13
May	14	546,516	356,718	352,318	522,954	459,802	678	771	678	93	4.03
June	14	510,209	354,311	350,096	486,055	437,117	678	717	645	72	4.05
July	14	506,515	337,792	333,739	480,881	425,773	677	710	629	81	4.05
Aug.	14	521,280	367,056	362,537	494,743	-	675	733	-	-	4.05
Sept.	14	528,539	386,038	381,938	508,195	-	673	755	-	-	4.09
Oct.	14	541,862	397,921	393,375	525,608	-	673	781	-	-	4.29

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I^{4/} Effective with Order Amendment August 1962